



Date: February 2, 2015
To: Board of Directors
From: Diane M. Williams, Vice President of Human Resources
Subject: Proposed Revisions to Benefits Committee Charter

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 9-10, 2015

Item No.: 15.2

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve revisions to the Benefits Committee Charter as reflected in Attachment A.

Background/History:

By resolution dated October 20, 2009, the Board delegated to the Benefits Committee the authority to select benefits plan administrators and advisors, select savings plan investment options, and monitor the cost and performance of savings plan options.

The Board has approved the composition of the Benefits Committee since its inception through formal approval of amendments to the Benefits Committee Charter (Charter). The Benefits Committee is currently comprised of the following officers as voting members of the Benefits Committee: President and Chief Executive Officer; Vice President Human Resources and Chief Compliance Officer; Vice President Finance and Treasury; Vice President and Chief Information Officer, and Vice President Grid Planning and Operations.

Historically, the Charter has identified voting members of the Benefits Committee by specific title. For efficiency, the most significant revisions to the Charter include, instead of identifying each Benefits Committee member specifically by title, a general delegation to the CEO, in his discretion and as identified in the Benefits Committee meeting minutes:

- To select members of the Benefits Committee with standing members to include the CEO and ERCOT officers responsible for budget and finance and for human resources matters; and
- To appoint an Employee Representative to the Benefits Committee.

Revisions to the Charter proposed by ERCOT Legal are identified in Attachment A.

Key Factors Influencing Issue:

Board approval of Charter amendments is required. There have been several officer title changes in recent years which have required formal Board approval of the Charter for title or position changes for Benefits Committee members.

Conclusion/Recommendation:

ERCOT staff recommends that the Board approve the revisions to the Charter identified in Attachment A, to be effective immediately.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to approve the revisions to the Benefits Committee Charter as prepared by ERCOT Legal and recommended by ERCOT management as identified in Attachment A; and

THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves the revisions to the Benefits Committee Charter identified in Attachment A, effective immediately.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 9-10, 2015 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2015.

Vickie G. Leady
Assistant Corporate Secretary

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
AMENDED AND RESTATED CHARTER FOR BENEFITS COMMITTEE
EFFECTIVE ~~June 10~~ _____, 2015~~4~~**

I. Purpose

Electric Reliability Council of Texas, Inc. ("ERCOT") has established the Benefits Committee (the "Committee") to assist ERCOT with its responsibilities for ERCOT's employee benefit plans and programs (individually, a "Benefit Plan" and, collectively, the "Benefit Plans"). By resolution dated October 20, 2009, the ERCOT Board of Directors ("Board") delegated to the Committee the authority to select benefits plan administrators and advisors, select savings plan investment options, and monitor the cost and performance of savings plan options.

By resolution dated December 15, 2009, the Board delegated to the Committee the authority to:

- (a) add, discontinue, and modify benefits plans;
- (b) perform general administration of plans, including, without limitation, selection and payment of advisors, services providers, auditors and consultants; and
- (c) determine appeals of the denial of benefits.;

This Charter: (i) governs the procedures and actions of the Committee, and (ii) establishes the Committee's authority and responsibilities. ERCOT may, at any time, revise this Charter, revoke this Charter or disband the Committee ~~in writing~~.

Notwithstanding any provision of this Charter, the Committee will assist and advise ERCOT but will not act for ERCOT unless ERCOT otherwise expressly determines. With particular respect to any of ERCOT's fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 ("ERISA") or any other applicable law, the Committee's role is ministerial and the Committee will not act, and will not be deemed to have acted, as a fiduciary unless ERCOT otherwise expressly determines or applicable law otherwise directly requires.

II. Organization and Procedures

A. Members. The President and Chief Executive Officer ("CEO") will select the members of the Committee. The membership of the Committee will at all times include the CEO and the ERCOT officers responsible for (i) budget and finance; and (ii) human resources matters. The CEO may select other ERCOT officers for membership on the Committee; changes in the composition of the Committee from time to time will be reflected in the Committee's minutes.

The CEO may also appoint an Employee Representative to the Committee. The Employee Representative must be a full-time employee in good standing who has a level of education, knowledge

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Attachment A

and experience that allows him/her to make proper decisions for the benefit of plan participants. The term of the Employee Representative on the Committee will be determined by the CEO.

~~The Committee will be comprised of:~~

- ~~1. The President and Chief Executive Officer;~~
- ~~2. The Vice President Commercial Operations~~
- ~~3. The Vice President Human Resources and Chief Compliance Officer;~~
- ~~4. The Vice President Finance and Treasury;~~
- ~~5. The Vice President and Chief Information Officer;~~
- ~~6. The Vice President Grid Planning and Operations; and~~
- ~~7. Any other officer of ERCOT who may be appointed to the Committee by the Board from time to time.~~

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~~ERCOT may, at any time, remove any member of the Committee in writing, whether or not that removal takes the form of an amendment to this Charter.~~

~~B. Chairperson.~~ The Committee will appoint, from among its members, a Chairperson to serve for such terms as the Committee will determine. The Chairperson of the Committee will be selected by the CEO, and must be one of the permanent members of the Committee (the CEO or the officers responsible for budget and finance or human resources). The Chairperson will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The ~~CEO~~Committee may remove the Chairperson at any time and the Chairperson may resign at any time upon fifteen days' prior written notice. Changes in the identity of the Chairperson will be reflected in the minutes of the Committee.

~~C. Secretary.~~ The Committee will appoint, from among its members or ERCOT employees, a Secretary to serve for such term as the Committee will determine. The Secretary of the Committee will be an ERCOT employee designated by the Chairperson. The Secretary will have will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The ~~Chairperson~~Committee may remove the Secretary at any time and the Secretary may resign at any time upon fifteen days' prior written notice. Changes in the identity of the Secretary will be reflected in the minutes of the Committee.

~~D. Legal Counsel.~~ Legal Counsel will be invited to attend all Committee meetings to provide legal advice to the Committee. Legal Counsel will not be a member of the Committee, and will not vote on any matters before the Committee. The Legal Counsel serving the Committee may be from the ERCOT General Counsel's office, or from an outside law firm.

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DE. Meetings; Quorum; Proxies. The Committee will meet as often, at such times and places, and by such means (such as telephone conference call) as the Chairperson may determine. A majority of the members of the Committee will constitute a quorum at a Committee meeting. The Chairperson will preside at Committee meetings and the Secretary will be responsible for keeping a record of Committee meetings. Committee meetings will not be open to non-members, except that the Committee may invite non-members to attend a meeting and participate in the meeting to the extent requested by the Committee. Any Committee member may assign his/her vote to another member of the Committee by written designation delivered to the Chairperson prior to the delegee's vote on Committee business.

EF. Action by Committee. The Committee will take an action:

- Upon the agreement of a majority of the Committee members present at a meeting at which there is a quorum; or
- By written consent executed by a majority of all members of the Committee.

EG. Meeting Agenda and Minutes. For each Committee meeting, the Secretary will prepare the agenda after consultation with the Chairperson and other Committee members and then distribute the agenda and any related materials to the Committee members prior to or at the beginning of the meeting. Following each meeting, the Secretary will prepare minutes of the meeting and will circulate the minutes in draft form to all Committee members. At one or more subsequent Committee meetings, the Committee members will review the draft minutes and propose any corrections to the minutes, and the Committee will approve the final version of the minutes. The Secretary will maintain each set of minutes with any related materials in the Committee's files.

FH. Delegation. The Committee may, from time to time, form one or more subcommittees comprised of two or more members of the Committee. The Committee may determine that any such subcommittee will act on an ad hoc or standing basis, and the Committee may delegate to the subcommittee any of the Committee's responsibilities and authority, provided that the Committee will retain authority to oversee the activities of the subcommittee and to disband it at any time.

GI. Use of and Reliance on Professional Advisers. The Committee may use the services of and rely on the advice of any of ERCOT's professional advisors, including legal counsel, accountants, employee benefit consultants, and investment advisors, in the performance of the Committee's duties.

III. Responsibilities and Authority

The Committee will have the responsibilities and authority described below:

A. Employee Benefits Philosophy. The Committee will assist ERCOT in the development and implementation of ERCOT's employee benefits philosophy as part of the larger compensation philosophy.

B. Evaluation of Benefit Plan Design. Periodically and upon ERCOT's request, the Committee will review and will evaluate the Benefit Plans, individually and as a group, on the basis of such factors as the Committee may deem relevant, but including, as appropriate: (1) promotion of ERCOT's employee

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benefits philosophy; (2) utilization of current design features; (3) cost-effectiveness; (4) efficiency in delivery of benefits and services; (5) achievement of employee satisfaction objectives; and (6) compliance with applicable laws.

C. Benefit Plan Operations and Administration. In coordination and consultation with the Human Resources Department, the Committee will have overall responsibility for the operations and administration of the Benefit Plans. In carrying out such responsibility, the Committee will, at a minimum, undertake the following duties:

- Oversight and verification of the financial operations of the various Benefit Plans and ERCOT's funding of benefits under the various Benefit Plans;
- Appointment, replacement, or termination of any fiduciary or non-fiduciary service provider of a Benefit Plan, including any trustee of the Qualified Plan, insurer, investment fund provider, third-party administrator, or insurance broker.
- Oversight and verification of the administrative activities of the service providers for the various Benefit Plans;
- Oversight and verification of the activities and decisions of ERCOT personnel related to operation and administration of the Benefit Plans, including assessment of compliance with established administrative procedures and applicable legal requirements;
- Determination of issues and questions arising in the administration, interpretation, and application of the Benefit Plans in consultation with appropriate ERCOT departments, such as Legal, Human Resources, or Finance; and
- Monitoring of legal and regulatory developments and emerging trends impacting the Benefit Plans.

D. Benefit Plan Design and Implementation. As a result of an evaluation of one or more Benefit Plans undertaken by the Committee (as provided in Item B above) or arising out the Committee's responsibility for the operations and administration of the Benefit Plans (as provided in Item C above), the Committee may, as it deems warranted:

- Establish a new Benefit Plan; or
- The enhancement, modification, or termination of a Benefit Plan or the consolidation of two or more Benefit Plans;

E. Benefit Determinations. The Committee will be responsible for making any benefit determination for which ERCOT is responsible under any Benefit Plan, including investigating the facts and circumstances relevant to the benefit determination, and complying with any appeal procedures applicable to the relevant Benefit Plan.

F. Rules and Procedures. The Committee will have the authority to formulate and adopt any rules and procedures as the Committee may deem necessary or desirable to effectuate the terms of this Charter or to facilitate the proper administration of the Benefit Plans; provided, however, that the Committee may not adopt a rule or procedure that would conflict with any Benefit Plan document or any related

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agreement or that would interfere with any fiduciary responsibilities of ERCOT or the trustees of the Qualified Plans.

G. Other Responsibilities and Authority. The Committee will have such other responsibilities as ERCOT may delegate to it from time to time whether or not those responsibilities are reflected in an amendment to this Charter. In addition, the Committee will have any other incidental authority necessary to the performance of the Committee's duties.

H. Reports and Recommendations to ERCOT and the Board of Directors. The Committee will report its activities to the Board at least annually. The Committee will report to and make recommendations to ERCOT and/or the Board upon request and in accordance with any procedures established therefor by ERCOT and/or the Board from time to time.